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Report of the Secretary-General on the activities of the Office of Internal Oversight Services

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Update on the status of the recommendations of the Office of Internal Oversight Services on mission liquidation activities at the United Nations

Note by the Secretary-General

Pursuant to General Assembly resolution 56/246 of 24 December 2001, the Secretary-General has the honour to transmit, for the attention of the General Assembly, the note conveyed to him by the Under-Secretary-General for Internal Oversight Services, updating the status of the implementation of recommendations on mission liquidation activities at the United Nations.

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Note by the Office of Internal Oversight Services updating the status of its recommendations on mission liquidation activities at the United Nations

1. In its resolution 56/246 of 24 December 2001, the General Assembly took note of the annual reports of the Office of Internal Oversight Services (OIOS) for the periods from 1 July 1999 to 30 June 2000 (A/55/436) and from 1 July 2000 to 30 June 2001 (A/56/381) and requested the Secretary-General to present an update on the implementation of the recommendations of OIOS on mission liquidation activities at the United Nations, in particular with regard to write-offs, to the General Assembly at its resumed fifty-sixth session. The present note responds to that resolution on the implementation by the Department of Peacekeeping Operations of OIOS recommendations addressing United Nations Headquarters liquidation activities.

2. The OIOS annual report covering the period from 1 July 2000 to 30 June 2001, summarized the major findings of the OIOS internal audit of mission liquidation activities at United Nations Headquarters (A/56/381, paras. 102 and 103), which had been finalized in December 2000. The audit showed that a number of improvements had been made in the liquidation of peacekeeping missions, particularly at recently closed missions, including the United Nations Civilian Police Mission in Haiti (MIPONUH), the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) and the United Nations Preventive Deployment Force (UNPREDEP) in the former Yugoslavia. However, the planning and execution of residual tasks at United Nations Headquarters needed to be improved and more closely monitored in order to speed up the liquidation process. Monitoring of liquidation activities at United Nations Headquarters by the Field Administration and Logistics Division of the Department of Peacekeeping Operations also required strengthening since residual liquidation tasks were still ongoing even though the peacekeeping missions had ceased their operations several years earlier.

3. OIOS made 13 recommendations to the Department of Peacekeeping Operations and the United Nations Controller aimed at improving the mission liquidation activities at United Nations Headquarters. The recommendations and their implementation status, as reported by the Department of Peacekeeping Operations and the Office of Programme Planning, Budget and Accounts, are summarized in the annex to the present note.

4. OIOS is of the opinion that a detailed follow-up exercise will be required to confirm the effectiveness of implementation action reported by the Department of Peacekeeping Operations. OIOS has therefore decided to undertake a follow-up review of mission liquidation activities, with particular attention to write-offs, as part of its audit of the Finance Management and Support Service of the Field Administration and Logistics Division of the Department of Peacekeeping Operations. This review will commence in the second quarter of 2002 and the results will be reported to the General Assembly at its fifty-seventh session.

(*Signed*) Dileep **Nair**
Under-Secretary-General for Internal Oversight Services

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Annex

Recommendations of the Office of Internal Oversight Services addressing mission liquidation activities at the United Nations

Recommendation 1

The Department of Peacekeeping Operations, in cooperation with other departments involved with liquidation activities (including the Office of Programme Planning Budget and Accounts, the Office of Human Resources Management and the Office of Central Support Services), should establish a plan clearly identifying the tasks to be performed, as well as the time frame and responsibility for those tasks. Adherence to the plan should be monitored, and any changes should be approved by the Finance Management and Support Section of the Field Administration and Logistics Division (AP1999/78/4/01).*

Implementation status: *Implementation is ongoing. The Department of Peacekeeping Operations informed OIOS that the Liquidation Unit routinely prepared progress reports to monitor the residual tasks that were handed over by missions in liquidation. These reports, which serve as good planning and monitoring mechanisms, are updated periodically as the liquidation process progresses at Headquarters until the residual tasks are completed. Routine meetings among the concerned divisions, sections and units are held on an as-needed basis to address pending residual tasks. This procedure is working effectively and a formal plan to identify the activities of the Office of Programme Planning Budget and Accounts, the Office of Human Resources Management and the Office of Central Support Services is therefore not considered necessary.*

Recommendation 2

The Department of Peacekeeping Operations should routinely review the assets and liabilities of liquidating missions before assets are disposed of and liabilities discharged. Such an exercise should include a thorough review of the documentation in support of the assets and liabilities reflected in the financial statements (AP1999/78/4/02).

Implementation status: *Implementation is ongoing. The Department of Peacekeeping Operations stated that the assets and liabilities of missions in liquidation were now reviewed on a routine basis.*

Recommendation 3

The Department of Peacekeeping Operations should take appropriate follow-up action to confirm the closure of the bank accounts of the United Nations Observer Mission in Liberia (UNOMIL), the United Nations Operation in Mozambique (ONUMOZ) and the United Nations Operation in Somalia (UNOSOM), for which closing instructions had been sent by the Treasurer (AP1999/78/4/03).

Implementation status: *Implementation action has been initiated. The Department of Peacekeeping Operations stated that it would continue to follow up with the Treasury for the closure of the respective bank accounts. In response to a follow-up by OIOS, the Department stated that the instruction on closure of bank accounts of liquidated missions was normally issued to the Treasury after the last cheques drawn on the accounts had been cleared. These instructions were given to the Treasury on the liquidated missions concerned. Several reminders had been sent to the banks by both the Department and the Treasury, but the banks had not acted on the closure instructions. The Department intends to pursue the matter through the Permanent Missions to the United Nations of the concerned countries.*

Recommendation 4

The Department of Peacekeeping Operations should take immediate action to review and adjust, as appropriate, the credit balances in the accounts receivable (AP1999/78/4/04).

Implementation status: *Implementation action has been initiated. The Department of Peacekeeping Operations clarified that the large credit balances held in ONUMOZ accounts related mostly to amounts held pending recommendations of the Headquarters Property Survey Board in respect of staff members, vendors and agencies. Review of these balances*

* The recommendation numbers shown in parentheses are internal OIOS codes taken from the original audit report.

showed that although some of the Property Survey Board cases had been concluded, necessary entries had not yet been made in the accounts. The two credit balances in UNOSOM accounts were to be completed when the Accounts Division completed its reconciliation of inter-office vouchers for the Mission.

Recommendation 5

The Department of Peacekeeping Operations should establish an effective mechanism to strengthen the implementation of audit recommendations that should include follow-up with concerned officials to confirm implementation (AP1999/78/4/05).

Implementation status: *Implementation is ongoing. The Department of Peacekeeping Operations stated that there was a focal point within the Finance Management Support Service of the Field Administration and Logistics Division, who monitored the implementation of audit recommendations of oversight bodies on a quarterly basis.*

Recommendation 6

The Controller should review the current procedures for write-off of accounts receivable, in the light of the experience gained in collecting outstanding amounts, to ensure that the additional cost and time associated with ineffective collection efforts are avoided in the future (AP1999/78/4/06).

Implementation status: *The recommendation is under review. The Department of Peacekeeping Operations stated that a proposal would be submitted to the Controller indicating historical data and cost-effectiveness of the recovery of outstanding amounts from personnel who had separated from missions. The Office of Programme Planning, Budget and Accounts noted that it might be important to consider possible changes to the write-off procedures, especially for small amounts, but that the most important aspect should be adherence to established procedures that would preclude the need for such write-offs in the first instance. A strengthening of procedures already in place in the active peacekeeping missions was needed so as to ensure that all receivables were systematically recorded and collected in a timely manner. Receivables from staff should be cleared prior to departure from the mission area. In addition, authority from the Controller had been delegated to directors/chief administrative officers to write off receivables of up to $100 locally under certain conditions.*

In February 2002, the Department of Peacekeeping Operations, in response to a follow-up by OIOS, noted that write-off cases had been significantly reduced in closed missions. Actions had been taken to ensure the recovery of accounts receivable from personnel prior to their departure from the missions. Specific steps included the enforcement of staff "check-out" procedures whereby accounts receivable were recovered from personnel prior to their departure; better enforcement of recovery policies deducting payment for personal telephone calls; and the settlement of Local Property Survey Board claims cases and liberty mileage deductions from local mission subsistence allowance and salary payments. As a result of these procedures, the Department felt that adherence to established procedures was the most appropriate action, especially in view of the number of existing guidelines, rules and instructions on areas surrounding the area of recoveries and write-offs. Both the Department and the Office of Programme Planning Budget and Accounts agreed that in view of "upstream" improvements in collection of accounts receivable, it was no longer considered appropriate to propose new procedures or develop cost/benefit comparisons for this area.

Recommendation 7

The Department of Peacekeeping Operations should follow up on outstanding accounting tasks to ensure that field accounts are promptly adjusted according to instructions from the Accounts Division. The Office of Programme Planning Budget and Accounts should ensure that all approved write-offs are captured in the field accounts (AP1999/78/4/07).

Implementation status: *Implementation action has been completed. In response to the report, the Department of Peacekeeping Operations stated that procedures for recording write-offs had been revised. Closer cooperation with the Accounts Division of the Office of Programme Planning Budget and Accounts had been effected and both offices frequently followed-up on outstanding matters. Copies of vouchers recording the approved write-offs were now being sent by special mail to the Accounts Division.*

In February 2001, the Department of Peacekeeping Operations responded that the

recommendation relating to its responsibilities had been implemented. All write-offs approved by the Controller and received by the Department had been reflected in the accounts as at 31 December 2000. The Office of Programme Planning, Budget and Accounts responded that the timely recording of approved write-offs was now the responsibility of a focal point for all matters relating to write-offs for peacekeeping missions in liquidation, and could therefore monitor and follow up as appropriate, on any delays or discrepancies in the recording of write-offs in the Sun (accounting) System.

Recommendation 8

The Department of Peacekeeping Operations should analyse the remaining balances in the accounts payable and take necessary action to settle them (AP1999/78/4/08).

Implementation status: *Implementation is ongoing. The Department of Peacekeeping Operations stated in response to the draft report that the review of outstanding balances for missions under liquidation was an ongoing process.*

Recommendation 9

The Department of Peacekeeping Operations should take appropriate action to clear all outstanding obligations from the field accounts (AP1999/78/4/09).

Implementation status: *Implementation is ongoing. The Field Administration and Logistics Division stated in response to the OIOS report that the balance had been substantially reduced and would be further reduced as the obligations were resolved.*

Recommendation 10

The Headquarters Property Survey Board should establish a database to record the details of cases received and processed, identifying cases that involve surcharges against staff members, and prioritize their processing (AP1999/78/4/10).

Implementation status: *Implementation action has been initiated. The Department of Peacekeeping Operations concurred with the OIOS recommendation to establish a database to record the details of cases received and processed, and to prioritize the processing of cases involving surcharges against staff members.*

In February 2001, the Chairman of Headquarters Property Survey Board noted that the number of backlog cases received from the Department of Peacekeeping Operations in late 1999/early 2000 had substantially decreased in 2000 based on the Board's issuance of recommendations in more than 1,600 cases. As hundreds of processed backlogged cases involved surcharge recommendations against staff, the OIOS recommendation was largely implemented during the course of 2000.

Recommendation 11

The Department of Peacekeeping Operations should reconcile the amounts to be recovered from third parties and take timely action to implement the recommendations of the Headquarters Property Survey Board (AP1999/78/4/11).

Implementation status: *Implementation action has been initiated. The Department of Peacekeeping Operations agreed that there were delays in the processing of approved Property Survey Board cases, which were attributed to insufficient staffing resources.*

Recommendation 12

The Department of Peacekeeping Operations should ensure that established asset disposal procedures are adhered to when disposing of United Nations-owned equipment (AP1999/78/4/12).

Implementation status: *Implementation action has been completed. Taking note of the recommendation, the Department of Peacekeeping Operations stated that the training of mission staff and the full implementation of the field asset control system was a step towards accountability and control of non-expendable property of field missions.*

Recommendation 13

The Department of Peacekeeping Operations should disclose the status of assets pending write-off, by including a note in the final report of the Secretary-General on the disposition of mission assets (AP1999/78/4/13).

Implementation status: *Implementation action has been initiated. The Department of Peacekeeping Operations agreed to consult with the Controller on this aspect and indicated that a note on non-expendable property awaiting write-off action would be*

included in future final reports of the Secretary-General on the disposition of mission assets. In February 2002, both the Department and the Office of Programme Planning, Budget and Accounts informed OIOS that none of the missions under liquidation for which final assets disposal reports had been prepared had non-expendable property pending write-off by the Controller.